

## **Financial Research Fund Assessments Frequently Asked Questions**

### **1. What quarterly data are used to calculate assessable assets?**

Total assessable assets are calculated as:

- For a bank holding company (BHC) other than a foreign banking organization (FBO), the average of the company's total assessable assets over the four quarters preceding the determination date;
- For FBOs with \$50 billion or more in total assessable assets, the average of the company's total assets of combined U.S. operations for the four quarters preceding the determination date (or, for companies that only file financial reports annually, the average of the company's total assets of combined U.S. operations for the two years preceding the determination date); and
- For a nonbank financial company supervised by the Federal Reserve Board under section 113 of the Dodd-Frank Act, either the average of total consolidated assets for the four quarters preceding the determination date, if the company is a U.S. company, or the average of total assets of combined U.S. operations for the four quarters preceding the determination date, if the company is a foreign company.

The four quarters of data used for assessments are:

- For the November 30 determination date: the first three quarters of the current calendar year and the fourth quarter of the prior calendar year.
- For the May 31 determination date: the first quarter of the current calendar year and the last three quarters of the prior calendar year.

### **2. What reports are referenced to calculate assessable assets?**

Assessment calculations for semiannual assessments are based upon the following reports:

- For companies that are FR Y-9C filers–
  - The company's total assets as reported on line item 12, Schedule HC – Consolidated Balance Sheet of the company's Consolidated Financial Statements for Holding Companies (FR Y-9C).
- For companies that are FR Y-7Q filers–
  - The company's total assets of combined U.S. operations are calculated by using the total U.S. assets reported on the regulatory financial report submissions of the company's U.S. branches, agencies, and subsidiaries.
    - For each U.S.-domiciled top-tier bank holding company, total assets as reported on line item 12, Schedule HC – Consolidated Balance Sheet of the company's Consolidated Financial Statements for Holding Companies (FR Y-9C);

- For each U.S. branch or agency of a foreign bank, total U.S. assets calculated by summing total claims on nonrelated parties (line item 1.i, column A on Schedule RAL – Assets and Liabilities) and positive net due balances from related institutions in foreign countries (positive values of line items 2.a, 2.b(1), 2.b(2), and 2.c from column A, less line items 2.a, 2.b(1), 2.b(2) and 2.c from column B, on part 1 of Schedule M – Due from/Due to Related Institutions in the U.S. and in Foreign Countries), and subtracting gross due from related non-depository majority-owned subsidiaries in the U.S. (line item 1, column A, on part 3 of Schedule M – Due from/Due to Related Institutions in the U.S. and in Foreign Countries), as reported on the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002);
- For each bank or savings association that is not reported in the consolidated assets of a U.S.-domiciled bank holding company, total assets as reported on line item 12, Schedule RC – Balance Sheet of the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031) or line item 12, Schedule RC – Balance Sheet of the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), as applicable;
- For each Edge Act or agreement corporation that is not a subsidiary of a U.S.-domiciled bank holding company, total U.S. assets calculated by adding claims on nonrelated organizations (line item 9, Schedule RC – Balance Sheet) and claims on related organizations domiciled outside the United States (line items 2.a and 2.b, Column A, on Schedule RC-M – Claims on and Liabilities to Related Organizations), as reported on the Consolidated Report of Condition and Income for Edge and Agreement Corporations (FR 2886b);
- For each U.S.-domiciled nonbank subsidiary that is not a subsidiary of a U.S.-domiciled bank holding company and files quarterly, total U.S. assets calculated by subtracting balances due from related institutions located in the United States (line item 4.a, Schedule BS-M – Memoranda) from total assets (line item 10, Schedule BS – Balance Sheet), as reported on the Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N);
- For each U.S.-domiciled nonbank subsidiary that is not a subsidiary of a U.S.-domiciled bank holding company and files annually, total assets as reported on line item 2 of the Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7NS); and
- For broker-dealer assets not reported in the consolidated assets of a U.S.-domiciled bank holding company, total assets (line item 16, Total column, Statement of Financial Condition) as reported on the FOCUS Report, Part II (Form X-17A-5); total assets (line item 12, Total column, Statement of Financial Condition for Noncarrying, Nonclearing and Certain Other Brokers or Dealers) as reported on the FOCUS Report, Part IIa (Form X-17A-5); or total assets (line item 18, Total column, Statement of Financial Condition) as reported on the FOCUS Report, Part II CSE (Form X-17A-5).

For quarterly filers, assessments are calculated as the average of the most recent four quarters of data or, for annual filers, the average of the preceding two years (see question 1).

If a company has not filed four consecutive quarters of the financial reports referenced above for the most recent quarter (or two consecutive years for annual filers of the FR Y-7Q), which may be true for a nonbank financial company, or a company that recently converted to a bank holding company, Treasury may use, at its discretion, other financial or annual reports filed by the company, such as Securities and Exchange Commission filings, to determine a company's total consolidated assets. If a company does not report total consolidated assets in its public reports, or if a company uses a financial reporting methodology other than U.S. GAAP to report on its U.S. operations, Treasury may use comparable financial information that Treasury may require from the company for this determination. Note that this description may be updated from time to time, so companies should consult this document prior to each assessment period.

**3. For foreign banking organizations that file both quarterly and annual reports, how should annual and quarterly figures be combined for calculation of assessable assets?**

Assessable assets for a quarter are calculated by summing the latest available reported figures at the end of that quarter. (Per the reports identified in Question 2.)

If a report is filed annually and does not include information relating to the same four quarter span that would be needed for calculation of total assessable assets on a given determination date, assessable assets from the most recently filed annual report would be used to populate quarterly figures.

For example, for the assessment with a November 30, 2013, determination date (referencing the first three quarters of 2013 and the fourth quarter of 2012), the quarterly figures for annual filers would be:

- For all four quarters, the figures from the annual filing from 2012 (the latest available annual filing).

For the assessment with a May 31, 2014, determination date (referencing the first quarter of 2014 and the last three quarters of 2013), the quarterly figures for annual filers would be:

- For the first quarter of 2014 and last quarter of 2013, the figures from the annual filing from 2013; and
- For the second and third quarters of 2013, the figures from the annual filing from 2012 (the latest available annual filing).

As a more specific example, consider a hypothetical assessable foreign banking organization that files only the following forms for the following three entities:

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Entity	Form	Reporting Cycle
Consolidated BHC	Y-9C	Quarterly
Branch	FFIEC 002	Quarterly
Nonbank subsidiary	Y-7NS	Annually

If this company reported the following data to the Federal Reserve Board, Treasury's calculation of total assessable assets for the May 31, 2014, determination date would be:

Entity	Form	2Q13	3Q13	4Q13	1Q14	Total Assessable Assets
Consolidated BHC	Y-9C	\$5	\$4	\$6	\$8	
Branch	FFIEC 002	\$2	\$1	\$1	\$3	
Nonbank subsidiary	Y-7NS	\$2	\$2	\$3	\$3	
Total		\$9	\$7	\$10	\$14	\$10

In this example, the nonbank subsidiary reported assets of \$2 in its 2012 Y-7NS filing and assets of \$3 in its 2013 filing.

**4. Because the reports referenced above for foreign banking organizations are unconsolidated, how do you avoid double-counting?**

As stated in the preamble to the assessments rule, Treasury makes every effort to avoid double-counting in the calculation of total assessable assets, consulting with the Federal Reserve Board and the affected companies, as necessary. A description of the reports used to calculate total assessable assets is provided in question 2 of this document. For each assessment, companies that identify double-counting in the total assessable asset figure listed on their Confirmation Statement should submit a written request for redetermination (requests for redetermination are discussed in questions 9 and 10 of this document) and include all the pertinent facts that would be necessary for Treasury to consider during the redetermination. At a minimum, this request should include quarterly data detailing the amount of double-counting by U.S. entity and by filed report. The request should identify double-counting between U.S. entities only, and not between non-U.S. entities and U.S. entities. Intercompany transactions between non-U.S. entities and U.S. entities are not considered double-counting for assessment purposes.

**5. Because the reports referenced above may include information on joint venture holdings, how do you adjust for a company's percentage of joint venture ownership?**

For joint venture holdings, Treasury calculates assessable assets based on the accounting rule used for treatment of joint venture holdings under FR Y-9C consolidation.

**6. If I have an amended filing for one of my reports, will this be included in the assessment calculation?**

If an assessed company filed an amended filing with the appropriate regulator after the determination date and before the request for redetermination deadline, and notifies Treasury of the amendment through a written request for redetermination by the deadline, Treasury will recalculate the company's total assessable assets based upon the amended filing.

## **7. What is the timeframe for assessments?**

The assessment timeframe is outlined below:

<u>Assessment Period</u>	<u>Determination Date</u>	<u>Confirmation Statement Date</u>	<u>Redetermination Request Deadline</u>	<u>Publication of Notice of Fees</u>	<u>Billing Date</u>	<u>Payment Date</u>
1 <sup>st</sup> Semiannual Assessment	November 30	December 15	January 15	February 15	March 1	March 15
2 <sup>nd</sup> Semiannual Assessment	May 31	June 15	July 15	August 15	September 1	September 15

## **8. What if one of the dates referenced above falls on a holiday or weekend?**

If one of the assessment dates falls on a holiday or weekend, the relevant date would be the next business day. The two exceptions are the billing date, for which the relevant date would be the prior business day, and determination date, which is fixed.

## **9. What is the timeframe for requests for redetermination?**

Companies have one month to submit a request for redetermination. For requests received by the deadline, Treasury will evaluate the request and respond to companies within 21 days of receipt of the request.

## **10. What information should be provided in a request for redetermination?**

Requests for redetermination should provide line-item detail for the four quarters subject to determination for the bank holding company, as well as for foreign banking organizations, line-item detail for the four quarters subject to determination of any of the company's branches, agencies, or subsidiaries filing the reports listed above. Requests should include a signed letter from a company official authorized to attest on behalf of the company and attesting to the accuracy of the information provided. If data submitted in reports to the Federal Reserve Board were submitted with a request for confidential treatment and are necessary to consider a request for redetermination, companies should authorize access to these data by Treasury staff, together with any request that the information be treated as confidential. Failure to provide such an authorization may limit or delay Treasury's ability to consider the request for redetermination. When relevant, requested adjustments for double-counting should be listed quarterly by report with aggregate figures provided by the filing entity. Submit requests for redetermination to [FRFAssessments@treasury.gov](mailto:FRFAssessments@treasury.gov). Requests must be received by the deadline.

**11. Does the assessment have to be paid through pay.gov?**

The assessments rule states that payments will be made through pay.gov (or successor website) (§ 150.6). Pay.gov is a secure electronic system that, once authorized by the assessed company, will automatically debit specified accounts on the assessment collection date. The Authorization Agreement for Preauthorized Payments form must be submitted no later than 30 days prior to the payment date for an assessment period. Each assessed company must take all actions necessary to allow Treasury to debit assessments from the company's designated deposit account. This includes ensuring the chosen account's ACH debit block is inactive for assessment debits. No further action is required from a bank once the Authorization Agreement for Preauthorized Payments form is completed and returned to Treasury.

**12. How does a bank change the information provided for electronic collection via pay.gov?**

Simply download the [Authorization Agreement for Preauthorized Payments form](#), update the information, and send it to the e-mail address provided on the form.

**13. Will there be an assessment every six months?**

Under the assessments rule, collections are scheduled each March 15 and September 15 to replenish the Financial Research Fund (FRF) to a level equivalent to six months of operating expenses and twelve months of capital expenditures for the OFR, the Council, and eligible FDIC expenditures.

If Treasury determines the FRF has sufficient funds to cover budget needs for the assessment period, Treasury will not issue an assessment for the period.